

ASA HUTCHINSON
GOVERNOR

B. EDMOND WATERS
COMMISSIONER



HERITAGE WEST BUILDING, SUITE 300
201 EAST MARKHAM STREET
LITTLE ROCK, ARKANSAS 72201-1692
TELEPHONE: (501) 324-9260
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ARKANSAS SECURITIES DEPARTMENT

VIA REGULAR U.S. MAIL

July 10, 2018

Robert Strickland
Alabama Housing Finance Authority
1212 N. Walton
PO Box 242967
Montgomery, AL 36124

Karyn H. Tierney
Arkansas Bar No. 2003120
ktierney@securities.arkansas.gov

RE: Alabama Housing Finance Authority
No Action No. 18-NA-0005

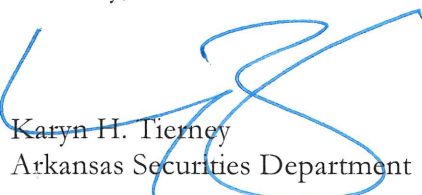
Dear Mr. Strickland:

The Arkansas Securities Department ("Department") is in receipt of your letter dated July 2, 2018, requesting that the Department issue a no-action letter concerning Alabama Housing Finance Authority's ("AHFA") claim of exemption from the licensing requirements of the Arkansas Fair Mortgage Lending Act as codified at Ark. Code Ann. § 23-39-501 through 518 due to AHFA's status as a 501(c)3 nonprofit entity. A copy of the request letter is attached for reference.

Based upon the specific facts contained in your request the Staff will not recommend that the Arkansas Securities Commissioner take an enforcement against AHFA if it does not obtain a license from the Department prior to engaging in the activities detailed in your request letter.

Please note that the position of the Staff of the Department is based solely upon the representations made in your request letter and information provided and applies only to the facts as set out therein. Different facts or circumstances might and often would require a different response or opinion from the Staff of the Department. The position of the Staff of the Department expressed in this letter only deals with anticipated enforcement action by the Department. Further, the position of the Staff of the Department does not purport to be and should not be interpreted to be a legal opinion.

Sincerely,


Karyn H. Tierney
Arkansas Securities Department



P.O. Box 242967
Montgomery, AL 36124-
2967

334.244.9200 phone
334.244.9214 fax

July 2, 2018

B. Edmond Waters, Commissioner
Attn: Karyn Tierney
Arkansas Securities Department
Heritage West Building, Suite 300
201 East Markham Street
Little Rock, Arkansas 72201-1692

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18 JUL -5 PM 1:08
ARKANSAS SECURITIES DEPT.

Re: Ark. Code §23-39-502(9)(B)(ii) Exemption, mortgage loan servicer

Dear Ms. Tierney,

By this letter, the Alabama Housing Finance Authority ("AHFA") respectfully requests written confirmation, via a no-action letter, that AHFA is exempt from the licensing provisions of the Fair Mortgage Lending Act (the "Act") of the Code of Arkansas. AHFA has been approved by the Arkansas Development Finance Authority to act as its master mortgage loan servicer for loans originated through its programs, beginning October 1, 2018. In addition, effective May 29, 2018, the Secretary of State for the State of Arkansas approved the application of AHFA to do business in Arkansas as a foreign non-profit, public corporation.

Section 23-39-502(9)(B)(ii) of the Act defines an exempt person under the mortgage servicer licensing provisions to include *"an agency or corporate instrumentality of the federal government or any state, county, or municipal government granting mortgage loans under specific authority of the laws of any state or of the United States."* AHFA submits that it meets the exemption.

Created in 1980 by Act No. 80-585 of the Alabama Legislature (Ala Code § 24-1A-1 et. seq.), AHFA is a *"public corporation and instrumentality of the state [of Alabama]"* Ala. Code § 24-1A-2(1). By statute, AHFA serves a governmental function by facilitating the housing needs of low and moderate-income persons. Declared a nonprofit public

Come on home, Alabama.

corporation, AHFA's net earnings shall not inure to the benefit of private individuals or entities, and it is exempt from federal and Alabama state taxes. Ala Code §24-1A-16.

AHFA's primary functions are to purchase and service residential mortgages for low-to-moderate-income persons and to provide financing for safe, sanitary, and affordable multifamily housing. In that regard, AHFA is authorized, *"To contract with such entities as the authority shall deem reasonable and appropriate for the acquisition, servicing, and disposition of qualified mortgage loans made or to be made by other entities."* Ala Code § 24-1A-5(24) and (25). In addition to its home state, AHFA acts as a master servicer for its counterpart state housing finance agencies in the states of Mississippi, Washington, Missouri, and North Carolina, and is exempt from licensing requirements in these states. AHFA does not originate, broker, or sell loans, and it does not make credit decisions regarding specific loans. Credit decisions are the sole responsibility of the applicable mortgage lender. All servicing activities are performed under the federal and state registered tradename, "ServiSolutions" ®, TN.

In performing these functions, AHFA is audited by the State of Alabama Department of Examiners of Public Accounts, the U.S. Department of Housing and Urban Development, the Government National Mortgage Association, the Federal National Mortgage Association, the U.S. Treasury Department, and its independent auditing firm, Warren Averett, LLC. For accounting and governmental reporting purposes, AHFA's annual financial statements are consolidated with the State of Alabama's annual financial reports.

We respectfully request a no-action letter confirming that AHFA is not required to obtain a license to conduct mortgage loan servicing activities in the State of Arkansas, specifically acting as master mortgage loan servicer for the Arkansas Development Finance Authority.

We appreciate your time and consideration of this matter. Please do not hesitate to contact me at 334.244.9200 or rstrickland@ahfa.com should you have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Robert Strickland', with a large, sweeping flourish at the end.

Robert Strickland
Executive Director